United Nations A/67/319

General Assembly

Distr.: General
17 August 2012

Original: English

Sixty-seventh session
Item 128 (a) and (e) of the provisional agenda*
Financial reports and audited financial statements, and reports of the Board of Auditors: United Nations capital master plan

Implementation of the recommendations of the Board of Auditors contained in its reports on the United Nations for the biennium ended 31 December 2011 and on the capital master plan for the year ended 31 December 2011

Report of the Secretary-General

Summary

The present report provides additional information in response to the recommendations of the Board of Auditors as contained in its report on the United Nations for the biennium ended 31 December 2011 and its report on the capital master plan for the year ended 31 December 2011. The report is submitted in accordance with paragraph 7 of General Assembly resolution 48/216 B, in which the Assembly requested the Secretary-General to report to it at the same time as the Board of Auditors submitted its recommendations to the Assembly on measures taken or to be taken to implement those recommendations.

The Administration has concurred with many of the Board's recommendations, and most of the comments of the Secretary-General have been duly reflected in the reports of the Board. Therefore, in an effort to reduce redundancy and streamline documentation, the present report provides additional comments from the Administration only where required, as well as information on the status of implementation, the office responsible, the estimated completion date and the priority for each recommendation contained in the reports of the Board of Auditors. In addition, the present report contains updated information on the status of implementation of the recommendations of the Board for prior periods that were reported by the Board as not having been fully implemented in the annexes to its reports.

* A/67/150.

12-46768 (E) 200912

Please recycle

Contents

		Page
I.	Introduction	3
II.	United Nations	4
	A. Implementation of the recommendations contained in the report of the Board of Auditors on the United Nations for the biennium ended 31 December 2011	4
	B. Implementation of the recommendations contained in the report of the Board of Auditors on the United Nations for the prior financial period	23
III.	Capital master plan	31
	A. Implementation of the recommendations contained in the report of the Board of Auditors on the capital master plan for the year ended 31 December 2011	31
	B. Implementation of the recommendations contained in the report of the Board of Auditors on the capital master plan for the prior year	37

I. Introduction

1. In paragraph 7 of its resolution 48/216 B, the General Assembly requested the Secretary-General to report to it on the measures that would be taken to implement the recommendations of the Board of Auditors at the same time as the reports of the Board were submitted to the Assembly. Accordingly, the present report is submitted in response to the recommendations of the Board contained in its report on the United Nations for the biennium ended 31 December 2011 (A/67/5 (Vol. I), chap. II). and in its report on the capital master plan for the year ended 31 December 2011 (ibid., Vol. V).

2. In preparing the present report, account was taken of the provisions of the following General Assembly resolutions:

(a) Resolution 48/216 B, in particular paragraph 8, in which the Assembly requested the Secretary-General to draw attention in his reports to the recommendations that would require action by the Assembly;

(b) Resolution 52/212 B, in particular paragraphs 3 to 5, and the note by the Secretary-General transmitting the proposals of the Board for improving the implementation of its recommendations approved by the Assembly (A/52/753, annex);

(c) Resolution 65/243 A, in which the Assembly, in paragraph 17, reiterated its request for inclusion by the Secretary-General in future reports of information on the setting of time frames, the identification of office holders to be held accountable and priorities for implementation of the recommendations of the Board and, in paragraph 16, reiterated its request that the Secretary-General provide full explanation for delays in implementation of the recommendations of the Board for prior periods, in particular those recommendations not yet fully implemented that are two or more years old.

3. With regard to prioritization, it is noted that the Board categorizes the most important recommendations as "main" recommendations. While all accepted recommendations of the Board will be implemented in a timely manner, the main recommendations will be considered of a high priority.

4. Given that the Administration has concurred with most of the Board's recommendations and that many of its comments have been duly reflected in the reports of the Board of Auditors, detailed comments are provided only where considered necessary for recommendations from the financial period ended 31 December 2011. However, in accordance with paragraph 16 of resolution 65/243 A, additional information will be provided for all recommendations for prior periods that were considered by the Board not to have been fully implemented.

5. In accordance with the above-mentioned resolutions, section II of the present report contains the information requested by the General Assembly on the implementation of the recommendations contained in the reports of the Board of Auditors on the United Nations. Section II.A provides information on the implementation of the recommendations of the Board for its report for the biennium ended 31 December 2011, while section II.B provides information on the implementation of recommendations that the Board considered not fully implemented from its report for the biennium ended 31 December 2009.

6. Section III of the present report provides information on the implementation of the recommendations contained in the reports of the Board of Auditors on the capital

master plan. Section III.A provides information on the implementation of recommendations contained in the Board's report for the year ended 31 December 2011, and section III.B provides information on the implementation of recommendations in the Board's report for the year ended 31 December 2010 that were considered by the Board not to have been fully implemented (A/66/5 (Vol. V)).

II. United Nations

A. Implementation of the recommendations contained in the report of the Board of Auditors on the United Nations for the biennium ended 31 December 2011

Overview

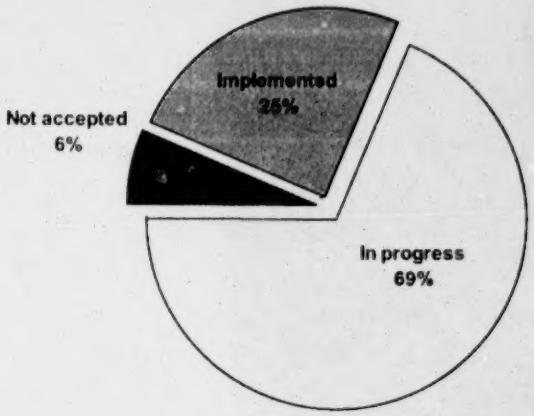
7. Set out below is the information requested by the General Assembly on the status of implementation of recommendations contained in the report of the Board of Auditors on the United Nations for the biennium ended 31 December 2011 (A/67/5 (Vol. I)). Most of the Administration's comments have already been included in the Board's report; thus, additional comments are provided below only where required.

8. Tables 1 and 2 summarize the status of implementation of recommendations as at August 2012.

Table 1
Status of implementation of main recommendations

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented*	*In progress*	*Target date set*	*No target date*
Department of Management	12	1	4	7	7	–
Office for the Coordination of Humanitarian Affairs	2	–	–	2	2	–
Office of Internal Oversight Services	1	–	–	1	1	–
Multiple departments	1	–	–	1	1	–
Total	**16**	**1**	**4**	**11**	**11**	**–**

Figure I
Status of implementation of main recommendations

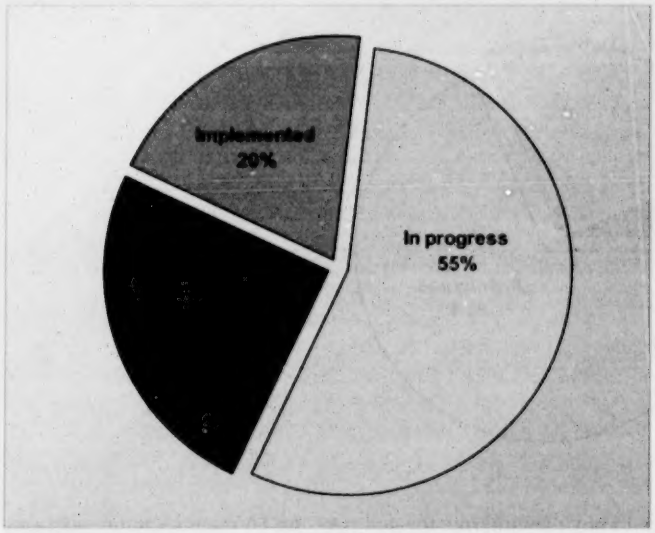


9. Table 1 and figure I above summarize the status of the 16 main recommendations of the Board. Four recommendations have been implemented, 1 recommendation has not been accepted and 11 recommendations are in progress. Of the 11 that are in progress, 3 are set for implementation by the end of 2012, 5 by the end of 2013 and 3 by the second quarter of 2014.

Table 2
Status of implementation of all recommendations

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented*	*In progress*	*Target date set*	*No target date*
Department of Management	23	7	5	11	11	–
Office for the Coordination of Humanitarian Affairs	4	–	1	3	3	–
Office of Internal Oversight Services	4	2	–	2	2	–
Department of Political Affairs	3	–	1	2	2	–
United Nations Office at Vienna	1	–	1	–	–	–
United Nations Office at Geneva	1	–	–	1	1	–
Multiple departments	4	1	–	3	3	–
Total	**40**	**10**	**8**	**22**	**22**	**–**

Figure II
Status of implementation of all recommendations



10. Table 2 and figure II above summarize the status of all 40 recommendations of the Board. Eight recommendations (20 per cent) were implemented, 10 (25 per cent) were not accepted and 22 (55 per cent) are in progress. Of the 22 recommendations that are in progress, 11 are set for implementation by the end of 2012, 7 by the end of 2013 and 4 after January 2014.

Detailed information on implementation status

11. **In paragraph 16, the Board recommended that, without waiting for the implementation of the new enterprise resource planning system (Umoja), the Administration enhance the internal documentation on the preparation of the financial statements.**

12. The Administration informed the Board that this recommendation was not accepted as the financial statements are prepared in accordance with detailed year-end instructions, supplemented by structured guidance on various accounting tasks. Furthermore, the task is performed within the built-in functions of the Integrated Management Information System (IMIS), supplemented by the Sun system. As such, the Administration does not see the need to devote additional resources to develop any further guidance under the United Nations system accounting standards. However, the year-end guidance and procedures in preparation for the adoption of the International Public Sector Accounting Standards (IPSAS) are being developed and customized.

13. It should also be noted that IPSAS implementation while in transition to Umoja, necessitates the development of policies and procedures compatible with IPSAS. Therefore, there is no need to marginally improve documentation on current workflow under the United Nations system accounting standards.

Department responsible: Department of Management
Status: Not accepted
Priority: Medium
Target date: Not applicable

14. **In paragraph 31, the Administration agreed with the Board's recommendation that the Office for the Coordination of Humanitarian Affairs strengthen its project management procedures to ensure regular review, verification and reporting of project expenditures to enable it to obtain timely and sufficient assurance and control over expenditure, confirmation that funds have been used for the intended purposes, and hence assurance over the accuracy of its recording in the financial statements.**

15. The Administration agreed to improve the timeliness of receipt of progress and final financial reports; reduce the delays in conducting audits and closing projects; and increase the number of field monitoring visits, particularly to projects assessed as high risk. Also, the Administration will develop a risk-based approach to the oversight and management of implementing partners.

16. The Administration will enhance its controls to monitor the projects implemented in the field through the following measures: (a) receiving written confirmation from non-governmental organization implementing partners in the field that recommendations from auditors are fully implemented before new emergency response fund projects are approved for funding; (b) putting in place a database for project cycle management by the second quarter of 2013; (c) developing and implementing an emergency response fund monitoring and reporting framework by the end of 2012; (d) developing a risk-assessment and risk-management methodology for emergency response funds by the end of 2012; and (e) monitoring compliance with the emergency response fund global guidelines, once they are approved in the third quarter of 2012.

Department responsible: Office for the Coordination of Humanitarian Affairs
Status: In progress
Priority: High
Target date: Second quarter of 2013

17. **In paragraph 32, the Administration agreed with the Board's recommendation that it, in collaboration with the Office for the Coordination of Humanitarian Affairs, identify and implement the lessons from how other agencies of the United Nations system operate control and accounting regimes over third-party expenditures.**

18. The Administration agreed to identify and implement the lessons from how other United Nations system agencies operate control and accounting regimes over third-party expenditures.

Department responsible: Office for the Coordination of Humanitarian Affairs
Status: In progress
Priority: High
Target date: Fourth quarter of 2012

19. **In paragraph 34, the Administration agreed with the Board's recommendation that it, in collaboration with the Office for the Coordination of Humanitarian Affairs, rigorously review its accounting treatment for**

recording expenditures via executing agencies and make any necessary changes of accounting policy no later than 2014.

20. The Administration agreed to implement any necessary changes in the accounting policy on recording expenditures via executing agencies not later than 2014. The Administration will also review the current policy and appropriately update it in line with the IPSAS implementation.

Department responsible: Office for the Coordination of Humanitarian Affairs/ Department of Management
Status: In progress
Priority: High
Target date: Second quarter of 2014

21. **In paragraph 41, the Administration agreed with the Board's recommendation that the Office of the United Nations High Commissioner for Human Rights (OHCHR) and the Office for the Coordination of Humanitarian Affairs establish proper end-of-year reconciliation procedures to ensure the accurate recording of expenditures where cost plans are used to establish obligations in local field offices.**

22. OHCHR follows established year-end reconciliation procedures in order to control its expenditures. Further, OHCHR explained on numerous occasions to the audit team that it considers its expenditure recording to be accurate and defendable and requested the auditors to suggest an alternative methodology. No alternative has been forthcoming to date and OHCHR will continue to use its existing methodology and further refine its year-end procedures accordingly.

23. The Office for the Coordination of Humanitarian Affairs will establish procedures to reconcile field obligations on a quarterly basis, ensuring that appropriate adjustments and/or cancellations are made. This procedure will support the proper end-of-year reconciliation and accurate recording of expenditures.

Department responsible: Office for the Coordination of Humanitarian Affairs
Status: In progress
Priority: Medium
Target date: Third quarter of 2012

24. **In paragraph 45, the Administration agreed with the Board's recommendation that in readiness for IPSAS implementation, the United Nations review and improve its asset records in support of land and buildings, with a view to assigning a valuation to individual buildings, prior to 1 January 2014.**

25. Following the PricewaterhouseCoopers consultancy, the Administration prioritized existing resources on a temporary basis to establish a Property Management Unit that will support IPSAS readiness efforts within the Organization. Two temporary staff members at the P-3 level are on board as of July 2012 and the rest of the team is expected to be on board within the next two to three months. In close consultation with IPSAS and Umoja, the Unit will establish policies and procedures on the valuation of assets from a property management perspective, including land and buildings. Work is already under way, which is supported by Umoja, on the development of a staging database to collect such records.

Department responsible: Department of Management
Status: In progress
Priority: Medium
Target date: Fourth quarter of 2013

26. **In paragraph 49, the Administration agreed with the Board's recommendation that the United Nations Office at Geneva: (a) undertake an adequate physical inventory check within each financial period, including the inventory of its clients; and (b) establish standard operating procedures for initial recording of all newly acquired assets.**

27. The Support and Asset Management Unit in the United Nations Office at Geneva is currently conducting physical checks of non-expendable property items for all its clients. The exercise started in 2010 and will be completed by October 2012. During the period, the Unit has performed this operation for 37 entities, and 51,000 items are already physically inventoried. In future, physical inventory checks will be conducted within each financial period. Since June 2012, a method has been developed to check all newly acquired non-expendable property assets whose purchase operation is initiated in the ProcurePlus system. Follow-up verification is also conducted to confirm the inventory tagging of these items. Based on the experience gained, standard operating procedures are being drafted and should be ready by the end of the year.

Department responsible: United Nations Office at Geneva
Status: In progress
Priority: Medium
Target date: Fourth quarter of 2012

28. **In paragraph 51, the Administration agreed with the Board's recommendation that more generally, the Administration, as part of its preparations for the implementation of IPSAS, consider how it can strengthen internal controls within the existing inventory management system, with clearly defined processes and responsibilities for asset owners.**

29. Reference is made to the Administration's comments above relating to the recommendation in paragraph 45 of the Board's report.

Department responsible: Department of Management
Status: In progress
Priority: High
Target date: Fourth quarter of 2013

30. **In paragraph 55, the Board recommended that the Administration consider how it can strengthen central oversight over payroll transactions, giving due consideration to the costs and benefits. That could be achieved by establishing processes to centrally record all elements of pay and benefits paid to staff, cross referencing to documentation held in local offices, to a maintain a clear audit trail and support payroll payments.**

31. The Department of Management, in collaboration with the Department of Field Support, will review current processes in the context of the upcoming Umoja implementation in local offices.

Department responsible: Department of Management/Department of Field Support
Status: In progress
Priority: Medium
Target date: Fourth quarter of 2015

32. **In paragraph 59, the Board recommended that United Nations Assistance Mission for Iraq (UNAMI) perform monthly reconciliations between the physical inventory held in each warehouse and the field asset management system (Galileo).**

33. UNAMI will comply with the frequency of once per annum as recommended by the Department of Field Support. UNAMI believes that monthly physical counts and reconciliations are not necessary. However, the Mission will implement a quarterly regime until such time as the system stabilizes. The estimated target date for the first round of the reconciliations is the end of September 2012.

Department responsible: Department of Political Affairs
Status: In progress
Priority: Medium
Target date: Third quarter 2012

34. **In paragraph 61, the Administration agreed with the Board's recommendation that UNAMI work with the Treasury to expedite the closure of the bank accounts which are no longer required.**

35. UNAMI presently maintains accounts with Citibank only. All other UNAMI bank accounts that are no longer required have been closed by the United Nations Treasury.

Department responsible: Department of Political Affairs
Status: Implemented
Priority: Medium
Target date: Not applicable

36. **In paragraph 64, the Administration agreed with the Board's recommendation that UNAMI and the United Nations Assistance Mission in Afghanistan (UNAMA) establish effective risk management arrangements involving: (a) clear identification of risks and assessment for probability and impact; and (b) assigning clear accountability and responsibility for the management of risks, including developing and implementing appropriate mitigation strategies.**

37. UNAMA provided documentary evidence of the risk register, identifying and assessing the 13 key financial risks facing the Mission to the Board of Auditors on 12 May 2012. The risk register assigns clear accountability and responsibility for the management of the risks and provides full details of the applicable risk-mitigation strategies.

38. UNAMI will develop a risk register covering all the major functions and relevant responsibilities for managing the risks assigned to appropriate personnel.

Department responsible: Department of Political Affairs
Status: In progress
Priority: Medium
Target date: Fourth quarter of 2012

39. **In paragraph 70, the Board recommended that OHCHR: (a) in collaboration with the Office of Programme Planning, Budget and Accounts, seek ways to reduce the reliance of mandate holders on extrabudgetary funding and other forms of earmarked or unearmarked support; (b) seek ways in which to demonstrate more robustly that mandated activities regarding special procedures are undertaken independently, are of equal importance, and not unduly influenced by the source of funds; and (c) in the interest of transparency, propose to the Human Rights Council that mandate holders be required to disclose all sources of funding and any conditions attached to them.**

40. The audit team was informed by OHCHR that special procedures are human rights mechanisms established by the Human Rights Council to address specific country situations or global themes. Mandate holders are appointed by the Council after a rigorous selection process and serve in their independent and expert capacities. They receive no direct remuneration from the United Nations. The primary source of finance for the work of mandate holders is the United Nations regular budget and, as such, any extrabudgetary funds used for the work of mandate holders is supplementary; OHCHR does not consider that the source of these supplementary funds influences the work of the relevant mandate holder. The Human Rights Council has not given any guidance to mandate holders on the disclosure of resources (which are mostly support in kind) received from donor Governments. Mandate holders are not required to report to OHCHR or the Human Rights Council on such support. OHCHR provides full details of any extrabudgetary funding provided to mandate holders through its annual report. Support, financial or in kind, provided to mandate holders outside OHCHR does not engage an obligation to report. As mandate holders are selected on the basis of their independence and integrity, it is implausible that this support could impair their independence.

41. In addition, the Department of Management notes that OHCHR does report in great detail on all contributions received and any earmarking in different forums, for example, its annual report, which is available to all Member States and the Human Rights Council, and regularly at informal meetings. The recommendation that OHCHR propose to the Human Rights Council that financial income be disclosed — in this case, it could be the personal income of the mandate holder — would need to be assessed from a legal perspective.

Department responsible: Office of the High Commissioner for Human Rights/ Department of Management
Status: Not accepted
Priority: Medium
Target date: Not applicable

42. **In paragraph 78, the Board recommended that the Administration: (a) provide senior management, on at least an annual basis, with clear analysis and explanations of the reasons for the level of cash and investments held; and (b) develop an investment strategy that sets out the United Nations cash requirements and the resulting optimum level of investments that should be held to underpin the delivery of United Nations activities.**

43. As the Board pointed out, the United Nations is a complex, decentralized organization made up of entities and offices away from Headquarters and missions and projects across the globe. The amount of cash and investment balance held at each office/programme level is based on budget spending authorizations (allotments) and

upon the contributions of Member States and/or donors and how those contributions match outlays. It should be noted that decisions to undertake United Nations activities are not linked to or based on cash (investment) balances, instead, they are based on allotments for each location and on workplans, which are issued on a yearly basis. The United Nations Treasury provides a centralized service for investments. The cash pool mechanism allows the Treasury to invest assets centrally in a diversified investment pool of interest earning assets that allows for its participants to have same-day liquidity while earning a competitive rate of return. The Administration agrees with part (a) of the recommendation. With regard to part (b) of the recommendation, the Administration will review the current investment strategy for further improvements, as necessary.

Department responsible: Department of Management
Status: In progress
Priority: High
Target date: Second quarter of 2013

44. **In paragraph 80, the Board recommended that the Administration review the disclosures in future financial statements with a view to providing more detailed commentary on the reasons for the increased holdings of investments and cash pools.**

45. The Administration agrees with the Board's recommendation and will evaluate with the Board if the disclosure will be presented in the financial statements or in the financial report.

Department responsible: Department of Management
Status: In progress
Priority: High
Target date: Second quarter of 2013

46. **In paragraph 87, the Administration agreed with the Board's reiterated recommendation that it strengthen the internal controls over inactive trust funds and expedite the closing of those funds.**

47. The Office of Programme Planning, Budget and Accounts notes that the issue of closure of trust funds is under regular review and follow-up with offices. The closing of trust funds is also subject to the response/agreement from the respective donor countries to the Administration's request to close the trust fund and therefore delays in the process, if any, may arise owing to some donors not responding on time.

Department responsible: Department of Management
Status: Implemented
Priority: High
Target date: Not applicable

48. In paragraph 89, the Administration agreed with the Board's recommendation that the Office for the Coordination of Humanitarian Affairs undertake a review of its system for recording and accounting for pledges to ensure that sufficient controls are in place to account for pledges in a timely manner in order to ensure the completeness and accuracy of the associated disclosures in the financial statements.

49. The Office for the Coordination of Humanitarian Affairs has documented and circulated a new process to record donor pledges for future years at the time of

receipt of the pledge and has ensured that all pledges are recorded in IMIS in line with the Financial Regulations and Rules.

Department responsible: Office for the Coordination of Humanitarian Affairs
Status: Implemented
Priority: Medium
Target date: Not applicable

50. **In paragraph 95, the Administration agreed with the Board's recommendation that it require all staff to have undertaken contract management training prior to taking up contract management responsibility. Such training should cover key aspects of contract management, such as contract administration, vendor relationship management, risk management and performance evaluation and management.**

51. The Administration notes that the Board accepted its comments, but rejects the assumption under paragraph 94 that if "54 per cent of contract managers had not undertaken any training in contract management [in the United Nations], [it creates] the risk that those responsible for delivering best value from the United Nation's $2.6 billion worth of contracts lack the skills and experience to do so". In that context, staff recruited to undertake contract management positions have previous relevant experience and knowledge in this area of expertise, which is verified during the recruitment process by the requisitioners.

Department responsible: Department of Management
Status: Implemented
Priority: Medium
Target date: Not applicable

52. **In paragraph 98, the Administration agreed with the Board's recommendation that the Administration include specific, measurable and relevant key performance indicators, linked to payment, in every contract to cover all key aspects of the goods or services to be delivered.**

53. In paragraph 97 of its report, the Board stated it found that only 50 per cent of contracts examined included key performance indicators to measure contractor performance. The Administration cannot accept the percentage provided by the Board without the substantiating data. Most of the United Nations contracts, unless the Procurement Division assesses a very low risk to the Organization, include either Specific Measurable Attainable Relevant and Time-bound (SMART) key performance indicators or other forms of performance measurements that are linked to payment, such as liquidated damages for late deliveries, rights of the United Nations to set off amounts from contractor's invoices or redeem upon the performance bond in case of non-performance by a contractor, and so on.

54. The Procurement Division introduced a new template for the Source Selection Plan. The Source Selection Plan is an internal document that describes critical components of the acquisition process and provides justification for sourcing and procurement decisions in order to achieve the best value for money principle. The Procurement Officer and Requisitioner are jointly responsible for contributing and preparing the source selection plan before the solicitation documents are issued. The source selection plan template (annex D-32 to the Procurement Manual), provides the option to include an overview of key performance indicators, which will become part of the contract. The objective of such is that the requisitioner will provide these

key performance indicators at the beginning of the solicitation process, to ensure that they can be part of the solicitation documents and will be included in the contract.

55. Through the use of the source selection plan, the Procurement Division is already facilitating the use of key performance indicators in contracts. The Procurement Division and the requisitioner are involved in defining these criteria, but the ultimate responsibility for providing these key performance indicators lies with the requisitioner. Furthermore, the Procurement Division believes that such indicators should be specific for each contract, and not every contract lends itself for the use of SMART key performance indicators. According to United Nations model contracts, payment shall be made upon receipt of the contractor's invoice and supporting documentation and certification by the United Nations that the goods/services represented by the invoice have been provided and that the contractor has otherwise performed in conformity with the terms and conditions of the contract. If such provisions are included in the contract as part of the terms and conditions, this already allows the United Nations to withhold payment if the performance criteria are not met.

Department responsible: Department of Management
Status: Implemented
Priority: High
Target date: Not applicable

56. **In paragraph 103, the Administration agreed with the Board's recommendation that the Procurement Division maintain a central record of all completed vendor performance evaluations and follow up overdue evaluations to enable proper maintenance of the approved vendor register and facilitate the improved selection of vendors invited to bid.**

57. In view of the comments in paragraph 104 of the Board's report, the Administration considers the recommendation as fully implemented.

Department responsible: Department of Management
Status: Implemented
Priority: High
Target date: Not applicable

58. **In paragraph 107, the Board recommended that the Administration immediately assign and communicate clear responsibility to contract managers for: (a) identification of contract risks; (b) assessment of the impact (including probable costs) and likelihood of a risk materializing; (c) identification and implementation of actions to manage or mitigate the risk; and (d) continued monitoring of risks as they evolve throughout the life of the contract.**

59. The Administration would like to clarify that the provisions of the Procurement Manual, in chapter 15, already assign clear responsibility to contract managers for the identification of contract risks; the assessment of the impact and likelihood of risk materialization; the identification and implementation of actions to manage or mitigate risks; and the continued monitoring of risks throughout the contract life. Furthermore, the template for the source selection plan (as described in para. 54 above) also allows for the inclusion of risk factors. The objective is to identify in an early stage of the procurement process any risks that can occur either during the procurement process itself, or during the contract management phase.

The United Nations Contracts and General Conditions of Contracts have many provisions and options to mitigate various risks involved, for example, the use of securities ("performance bond"), the right of set-off, approval of subcontractor, non-exclusivity, and so forth. In addition, reference is made to peacekeeping contracts of which the requisitioning department, the Department of Field Support, issued the Contract Management Policy to guide its contract managers.

Department responsible: Department of Management
Status: Not accepted
Priority: Medium
Target date: Not applicable

60. **In paragraph 108, the Board also recommended that the Administration establish oversight of the risk profile of either the whole population of contracts or groups of contracts so that it can assure itself that: (a) contract management resources are appropriately focused on the highest risk contracts; and (b) high-risk contracts are managed at the appropriate level.**

61. Each requisitioning department establishes mechanisms to exercise oversight of the contract management risks of its portfolio.

Department responsible: Department of Management
Status: Not accepted
Priority: Medium
Target date: Not applicable

62. **In paragraph 109, the Board further recommended that the Administration, either through a central function or within individual requisitioning departments, establish a clear escalation process to senior management for significant contract risks whereby senior management is kept aware as significant risks become more probable and can act quickly in order to mitigate the risk or minimize its impact.**

63. Reference is made to the Administration's comments above relating to the recommendation in paragraph 108 of the Board's report.

Department responsible: Department of Management
Status: Not accepted
Priority: Medium
Target date: Not applicable

64. **In paragraph 116, the Administration agreed with the Board's recommendation that it strengthen its oversight of competitive procurement by: (a) more robustly challenging the need for contract renewals, use of waivers and ex post facto approval; and (b) utilize its contracts database to flag up when contracts are approaching key trigger points, such as termination, and actively remind requisitioning departments that timely action is needed; and (c) identify which departments are routinely using waivers and ex post facto approvals and engage with them to improve their procurement planning.**

65. In response to the Board's sample review of procurements at the United Nations Office at Vienna and the United Nations Office at Nairobi, the Administration informs as follows: the Procurement Section of the United Nations Office at Vienna, using its contracts database, sends automated notifications six months prior to the expiry date of a contract. Following the clear segregation of duties stipulated in the

Procurement Manual, the Procurement Section routinely sends courtesy reminders to requisitioning departments indicating that a contract is approaching the expiry date and informing the requisitioning departments, should there be a continuous requirement for the service, to raise a requisition to facilitate the necessary procurement action. The Procurement Section also reminds substantive offices to complete a vendo. performance report and submit the completed form so that the Procurement Section can assess vendor performance. The vendor performance report is used to consider the extension of a contract and/or the issuance of bidding documents. Although the Procurement Section repeatedly solicits inputs from requisitioning offices, sometimes the necessary inputs are not received on time.

66. At the United Nations Office at Nairobi, all waivers regardless of value and all ex post facto cases go to the Chief Procurement Officer for approval, following which they are kept on file for reporting purposes. Enhancements to contracts database to include automated contract expiry alerts are in progress. Data from the files will be used for periodic reporting to the relevant heads of departments.

Department responsible: United Nations Office at Nairobi/
United Nations Office at Vienna
Status: In progress
Priority: Medium
Target date: Fourth quarter of 2012

67. **In paragraph 121, the United Nations Office at Vienna agreed with the Board's recommendation that all procurement delegations be brought up to date and clearly communicated to all relevant staff.**

68. All of the procurement delegations were updated as of April 2012.

Department responsible: United Nations Office at Vienna
Status: Implemented
Priority: Medium
Target date: Not applicable

69. **In paragraph 128, the Board recommended that the Department of Management urgently clarifies the authority of the United Nations Office at Nairobi for undertaking procurement on behalf of the United Nations Environment Programme (UNEP) and the United Nations Human Settlements Programme (UN-Habitat).**

70. In April 2012, the Assistant Secretary-General of the Office of Central Support Services led an independent review team from the Department of Management to review the administrative structure of the United Nations Office at Nairobi, UNEP and UN-Habitat. The mandate of the review team included the review of the governance structure for the procurement function and their recommendations are being considered by all parties for their possible implementation.

Department responsible: Department of Management
Status: In progress
Priority: Medium
Target date: Fourth quarter of 2012

71. **In paragraph 130, the Administration agreed with the Board's recommendation that the Department of Management review the delegations**

granted to the United Nations offices at Geneva and Vienna to ensure that delegated procurement authority is sufficiently clear.

72. The Administration accepted this recommendation and will review the current practices of conducting procurement functions on behalf of the other entities with a view to updating the delegations granted to the United Nations Office at Vienna and the United Nations Office at Geneva, as applicable.

Department responsible: Department of Management
Status: In progress
Priority: Medium
Target date: Second quarter of 2013

73. **In paragraph 134, the Board stated that the United Nations offices at Vienna and Nairobi agreed with its recommendation that they enhance their procurement performance data by defining their information needs and implementing enhancements to systems; as a minimum, these should allow the procurement sections to group and analyse their caseloads by number, nature, value and complexity of requests, and by originating section, including field offices.**

74. The Procurement Section of the United Nations Office at Vienna is currently able to report on the caseload by the nature and value of requests by originating section, including field offices, as well as on waivers and ex post facto cases. The complexity of cases will be defined by the scope of the terms of reference in each case and the anticipated delivery date. Information technology support has been sought to enable complexity of cases to be categorized as well as for monitoring the time taken for the procurement to be finalized against the agreed dates in the source selection plans.

75. A review of the workflow of the procurement processes at the United Nations Office at Nairobi is currently in progress. The Administration anticipates that the results of that review will allow the Procurement Section to define information needs more accurately and identify particular processes that lend themselves to automation.

Department responsible: United Nations Office at Nairobi/
United Nations Office at Vienna
Status: In progress
Priority: Medium
Target date: Fourth quarter of 2012

76. **In paragraph 145, the Board stated that the Administration agreed with its recommendation that the Administration: (a) develop more outcome-focused objectives and indicators of achievement; (b) establish clear chains from indicators of resource use and activity, through indicators of output to achievement of high-level objectives; and (c) make subparagraphs (a) and (b) above a clearly articulated responsibility of the Under-Secretaries-General for their respective departments.**

77. While the Administration accepted parts (a) and (b) of the above recommendation, part (c) was not accepted. It should be noted that the logical framework contained in the proposed programme budget for the biennium represents the outcome/position arising from the legislative review by the various

relevant sectoral, functional and regional intergovernmental bodies, the Committee for Programme and Coordination and the General Assembly. While the Secretariat continues to improve subsequent logical frameworks based on the recommendations made by the above legislative bodies and various internal and external audit bodies, the final logical framework used for the preparation of the proposed programme budget reflects what has been approved through the above intergovernmental process. Accordingly, although the Secretariat may propose more outcome-focused objectives and indicators of achievement, during the legislative review process, revisions to the Secretariat's proposals are made if Member States do not agree or if the proposals appear to measure the performance of individual Member States, which would run counter to General Assembly resolution 64/243 A, wherein the Assembly requested the Secretary-General to ensure that, in presenting the programme budget, expected accomplishments and, where possible, indicators of achievement are included to measure achievements in the implementation of the programmes of the Organization and not those of individual Member States.

Department responsible: Department of Management
Status: Implemented
Priority: High
Target date: Not applicable

78. **In paragraph 148, the Board recommended that the Administration present the General Assembly with proposals to simplify the programme planning process, and realign the timing of the agreement of the strategic frameworks so that they reflect the Organization's current priorities.**

79. In respect of the Board's view that it is essential that the strategic framework, which sets out the Organization's aims for each biennium, is current and relevant, it is recalled that the General Assembly, in its resolution 58/269, requested the Committee for Programme Coordination, in performing its programmatic role in the planning and budgeting process, to review the programmatic aspects of new and/or revised mandates subsequent to the adoption of the biennial programme plan, as well as any differences that arose between the biennial programme plan and the programmatic aspects of the proposed programme budget. Accordingly, future developments emanating from either sectoral, functional, regional or legislative reviews that would entail a change in the proposed or approved strategic framework is made available to the Committee for Programme Coordination and the General Assembly for their review. This process ensures that the strategic framework is updated to reflect current changes. For example, by its resolution 65/259, the General Assembly established a new section 37 — United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women) effective 1 January 2011 (in the middle of the biennial budget cycle). This affected the approved strategic framework under subprogramme 2, Gender issues and advancement of women, and of programme 7, Economic and social affairs, for the period 2010-2011. In May of the same year, a consolidated report on the changes to the biennial programme plan as reflected in the programme budget for the biennium 2010-2011 and the proposed programme budget for the biennium 2012-2013 (A/66/82) was submitted to the Committee for Programme and Coordination and the General Assembly for their review and approval to reflect the updates.

80. In respect of the Board's comment on the timing realignment, the Administration further reiterates that the current process is governed by existing mandates and any changes would require the approval of the General Assembly.

Department responsible: Department of Management
Status: Not accepted
Priority: Medium
Target date: Not applicable

81. **In paragraph 153, the Board recommended that the Administration include an executive summary in its programme performance report, or produce one as a separate document, in order to give a concise summary of the key issues which the data evidences.**

82. The Administration did not accept this recommendation. The programme performance report is submitted for the consideration of the Committee for Programme and Coordination as one report and the Administration does not see the need to prepare a separate document to provide a concise summary of key issues. This will result in an additional document to be considered by the intergovernmental bodies with no added value. Should the Committee consider that a summary of this nature was needed, it would have requested the same in one of its reports that are subsequently submitted for approval by the General Assembly.

83. The Administration would like to reiterate that section II of the programme performance report, entitled "Overview of key results achieved by the United Nations" already provides a summary of the key results achieved by the Organization as well as of the outputs delivered and resources utilized during the reporting period. The Committee for Programme and Coordination, in its report issued following the conclusion of its fifty-second session (A/67/16), took note of the overview section in relation to item 3 (a), Programme performance: "special mention was made of section II of the report, since it provided a good overview of the accomplishments of the Secretariat". The Administration does not see the need to prepare a separate summary document as this will only result in added costs with no added value.

Department responsible: Department of Management
Status: Not accepted
Priority: Medium
Target date: Not applicable

84. **In paragraph 155, it was stated that the Administration agreed with the Board's recommendation that it consider how it can better integrate financial and performance reporting, at all levels in the Organization, and build that into its thinking about the design and implementation of the new enterprise resource planning system (Umoja), and as part of realizing the benefits from both Umoja and the improved information that will be provided through adoption of IPSAS.**

85. The Administration did not agree with the recommendation, however. It should be noted that in line with its terms of reference, the Committee for Programme and Coordination is mandated to review programme performance but not financial performance and the Advisory Committee on Administrative and Budgetary Questions is mandated to review financial performance, not programme performance. The consolidation of both the programme performance and financial

performance reports will require an amendment to the existing terms of reference for both Committees. By extension, if financial performance is provided in the programme performance, then the proposed strategic frameworks should also include the related budget estimates, which would run counter to General Assembly resolution 58/269. It should also be noted that the Secretary-General, in his report entitled "Strengthening the United Nations: an agenda for further change — improvements to the current process of planning and budgeting" (A/58/395 and Corr.1), proposed, inter alia, to link estimated resource requirements at the planning stage. The General Assembly did not agree with the inclusion of the budget outline as part of the strategic framework in its resolution 58/269, as concerns were expressed that the proposal to link the plan to the budget outline would amount to imposing, at the planning stage, budget ceilings on programme requirements (see A/C.5/58/SR.18).

Department responsible: Department of Management
Status: Not accepted
Priority: High
Target date: Not applicable

86. **In paragraph 157, the Administration agreed with the Board's recommendation that it assign specific responsibility for the successful implementation of results-based management methodology throughout the Secretariat to a relevant member of the senior management team.**

87. The implementation of results-based management would be the subject of internal discussion in the next few months, with the view to developing a road map for its implementation. In this context, responsibility for the implementation of results-based management would be assigned to a member of the senior management team.

Department responsible: Department of Management
Status: In progress
Priority: High
Target date: First quarter of 2013

88. **In paragraph 171, the Administration agreed with the Board's recommendation that, to provide assurance that the system of internal control is understood and operating as expected, it: (a) document the internal control framework; and (b) consider developing a management assurance system which requires managers at all levels to periodically provide senior management assurance on the effectiveness of internal controls in their sphere of control to test both understanding and compliance at all levels.**

89. In response to the Secretary-General's report entitled "Towards an accountability system in the United Nations Secretariat" (A/64/640), which contained a detailed proposal for the adoption of a comprehensive enterprise risk management and internal control framework for the Organization, the General Assembly, through resolution 64/259, provided a clear mandate to enhance the current capabilities in the Secretariat responsible for risk assessment and mitigation and internal control.

90. Following an extensive consultation process, on 25 May 2011, the Management Committee approved a policy that outlines the purpose, governance mechanisms and principles that will guide the adoption of the enterprise risk

management and internal control framework. A detailed methodology describing the activities to be performed for the effective implementation of the framework has also been defined, based on best international standards and practices, adopting elements and recommendations from both the Committee of Sponsoring Organizations of the Treadway Commission enterprise risk management framework and the ISO 31000 standards.

91. Based on the policy and report of the Secretary-General (A/66/692), as noted by the Board, the Under-Secretary-General for Management will serve as the high-level official responsible for leading the enterprise risk management effort in the Secretariat and the Management Committee will act as the senior management Enterprise Risk Management Committee. Responsibility for the effective implementation of risk management and internal control practices for their respective areas will remain with the heads of departments and offices. Within the limited dedicated resources currently available, the Secretariat is proceeding with the gradual implementation of enterprise risk management practices in selected departments of the Organization representing its different functional areas of activity, according to a phased approach.

Department responsible: Department of Management
Status: In progress
Priority: High
Target date: First quarter of 2014

92. **In paragraph 176, the Administration agreed with the Board's recommendation that in support of existing work on developing risk management in the United Nations, the Management Committee: (a) periodically identify the top risks facing the Organization and communicate that information to all managers; and (b) develop high-level and regular (monthly) reporting on the current status of the risks and associated mitigating strategies.**

93. Reference is made to the Administration's comments above relating to the recommendation in paragraph 171 of the Board's report.

Department responsible: Department of Management
Status: In progress
Priority: High
Target date: First quarter of 2014

94. **In paragraph 183, the Administration agreed with the Board's recommendation that United Nations senior management set out an action plan addressing the key lessons identified by the Board on business transformation, to demonstrate and track how it is developing and implementing a more strategic and holistic grip on the direction and delivery of the business transformation programmes.**

95. The Administration agreed with this recommendation and is now developing an action plan to address the issues identified by the Board.

Department responsible: Department of Management
Status: In progress
Priority: High
Target date: Fourth quarter of 2012

96. **In paragraph 195, the Board recommended that any proposal for the level and deployment of resources of the Office of Internal Oversight Services (OIOS) Investigations Division is underpinned by a cost-benefit analysis and options appraisal which takes into account the total cost of delivering investigations to the United Nations as a whole, not just the cost to OIOS.**

97. OIOS concurred with the need to conduct a cost-benefit analysis. As outlined in the report of OIOS (A/66/755), ongoing initiatives including an independent expert panel of the Investigations Division dictated that a cost-benefit analysis and options proposal would be best addressed in the 2013-2014 support account. OIOS, however, does not concur with the recommendation to take into account the total cost of delivery investigations to the United Nations as a whole, as any such consideration is beyond the perimeters of the OIOS mandate and/or support account.

Department responsible: Office of Internal Oversight Services
Status: Not accepted
Priority: Medium
Target date: Not applicable

98. **In paragraph 199, the Board recommended that any future proposal for the level and deployment of OIOS investigative resources which assumes that investigation work will be conducted by bodies other than OIOS take into account the capacity of those bodies to deliver investigations and the cost of their doing so.**

99. OIOS concurred with the assessment only in relation to category I allegations that have been referred to the missions for follow-up. However, any other considerations are beyond the perimeters of the OIOS mandate and/or support account.

Department responsible: Office of Internal Oversight Services
Status: Not accepted
Priority: Medium
Target date: Not applicable

100. **In paragraph 204, the Administration agreed with the Board's recommendation that OIOS formally consult with stakeholders, including mission staff and investigators, to capture and analyse their views on the most cost-effective deployment of OIOS investigative resources.**

101. OIOS has distributed communications to all investigators within OIOS and all special representatives of the Secretary-General, the Department of Peacekeeping Operations and the Department of Field Support. Upon receipt of responses, they will be analysed and considered in relation to the 2013-2014 support account and the most cost-effective deployment of OIOS resources.

Department responsible: Office of Internal Oversight Services
Status: In progress
Priority: Medium
Target date: Fourth quarter of 2012

102. **In paragraph 210, the Administration agreed with the Board's recommendation that OIOS assess the potential for fraud and other violations across the United Nations and take that into account when evaluating the optimal level and deployment of investigative resources required to fulfil its mandated responsibilities.**

103. The capacity of the Investigations Division of OIOS to address potential fraud and other violations is first being assessed by the independent expert panel. Optimal levels of resources and deployment of resources will stem from the Panel's recommendations, in combination with the feedback received from the peacekeeping missions.

Department responsible: Office of Internal Oversight Services
Status: In progress
Priority: High
Target date: Fourth quarter of 2012

B. Implementation of the recommendations contained in the report of the Board of Auditors on the United Nations for the prior financial period

Overview

104. In paragraph 16 of its resolution 65/243A, the General Assembly requested the Secretary-General to provide a full explanation for delays in the implementation of the recommendations of the Board for prior periods, in particular those recommendations not yet fully implemented which are two or more years old.

105. In the annex to chapter II of its report for the biennium ended 31 December 2011, the Board provided a summary of the status of implementation of recommendations for the prior financial period. Information is provided below on the 24 recommendations shown as "partially implemented" and "not implemented". The information is set out in the order in which the recommendations are presented in the annex.

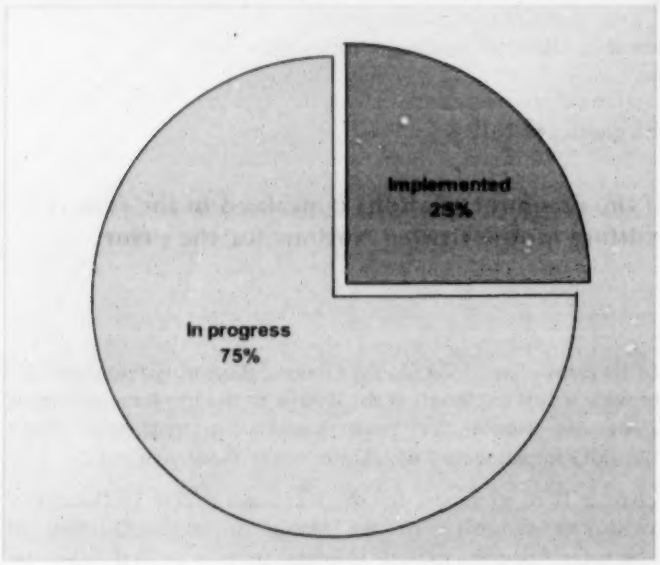
106. The following table summarizes the overall situation.

Table 3
Status of implementation of recommendations for the prior period considered not fully implemented in the annex to chapter II of the report of the Board of Auditors for the biennium ended 31 December 2011

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented*	*In progress*	*Target date set*	*No target date*
Department of Management	13	–	2	11	10	1
Department of Economic and Social Affairs	1	–	1	–	–	–
Department for General Assembly and Conference Management	2	–	–	2	2	–
Office of Internal Oversight Services	1	–	–	1	1	–
United Nations Peacekeeping	1	–	–	1	1	–
Department of Safety and Security	2	–	–	2	2	–
International Court of Justice	2	–	2	–	–	–
Conference on Trade and Development	1	–	1	–	–	–
Ombudsman and Mediation Services	1	–	–	1	1	–
Total	**24**	**–**	**6**	**18**	**17**	**1**

Figure III

Status of implementation of recommendations for the prior period considered not fully implemented in the annex to chapter II of the report of the Board of Auditors for the biennium ended 31 December 2011



107. As indicated in table 3 and figure III above, of the 24 recommendations shown in the annex to chapter II of the Board's report as either partially implemented or not implemented, 6 (25 per cent) have been implemented and 18 (75 per cent) are in progress. Of the 18 recommendations in progress, 7 are set for implementation by the end of 2012, 3 by the end of 2013, 7 after January 2014 and 1 has no target date as it pertains to ongoing activities.

Detailed information on implementation status

Report of the Board of Auditors on the United Nations for the biennium ended 31 December 2009

108. **In paragraph 25 of its report (A/65/5 (Vol. 1)), the Board recommended that the Secretariat (a) plan for the automated preparation of the financial statements under Umoja; and (b) without waiting for the implementation of Umoja, enhance internal documentation on the preparation of the financial statements and, more generally, on all financial procedures, notably by updating the Financial Manual.**

109. The process through which financial statements are prepared will be significantly enhanced under Umoja. At present, financial statements are prepared in accordance with detailed year-end instructions, supplemented by structured guidance on various accounting tasks. Further, the task is performed within the built-in functions in IMIS, supplemented by the Sun system. As such, the Administration does not see the need to devote additional resources to develop any further guidance under the United Nations system accounting standards. At the same

time, however, the Administration plans to issue the Finance and Budget Manual in 2012.

Department responsible: Department of Management
Status: In progress
Priority: High
Target date: Fourth quarter of 2015

110. **In paragraph 62, the Board recommended that the Secretariat define a strategy to streamline and further automate the management of voluntary contributions, along the lines of the redesign of assessed contributions procedures.**

111. The target date was revised in line with Umoja deployment schedule.

Department responsible: Department of Management
Status: In progress
Priority: High
Target date: Third quarter of 2015

112. **In paragraph 66, the Administration agreed with the Board's recommendation to develop indicators to measure the processing times of contributions.**

113. The target date was revised in line with Umoja deployment schedule.

Department responsible: Department of Management
Status: In progress
Priority: Medium
Target date: Third quarter of 2015

114. **In paragraph 98, the Board recommended that the Secretariat strengthen internal control over the inactive technical cooperation trust funds and expedite the closing of those funds that need to be closed.**

115. Of the 80 funds pertaining to technical cooperation trust funds reflected in annex III to the Board's report (A/65/5 (Vol. I)), 61 funds were closed by 31 May 2012; 2 funds were reactivated; 5 funds are being retained for potential resumed activity and 12 funds are in the process of being closed pending final settlement with the United Nations Development Programme.

Department responsible: Department of Management
Status: In progress
Priority: High
Target date: Fourth quarter of 2012

116. **In paragraph 121, the Board recommended that the Secretariat ensure that the United Nations Assistance to the Khmer Rouge Trials (UNAKRT) sets up a dashboard for all parties that contain the main indicators (vacancy rate for posts, turnaround time and productivity for the translation unit, turnaround time and productivity for processing requests for complainants).**

117. UNAKRT continues to provide performance statistics in the quarterly reports to the Steering Committee. In January 2012, UNAKRT formulated a performance dashboard for the Court for 2011 in line with the Board's recommendation. Similar dashboards are to be formulated for future years on an ongoing basis.

Department responsible: Department of Economic and Social Affairs
Status: Implemented
Priority: High
Target date: Not applicable

118. **In paragraph 135, the Board recommended that the United Nations Conference on Trade and Development (UNCTAD): (a) prepare a management manual for technical cooperation projects that brings together all applicable procedures, in particular in the area of monitoring; and (b) make sure that progress reports are distributed to donors by the Technical Cooperation Service as stipulated in the funding agreements.**

119. UNCTAD has fully implemented this recommendation with the finalization of the manual entitled "Mainstreaming results-based management in technical cooperation projects", in June 2012.

Department responsible: United Nations Conference on Trade and Development
Status: Implemented
Priority: High
Target date: Not applicable

120. **In paragraph 146, the Board recommended that the Administration strengthen the internal controls over the inactive general trust funds and expedite the closing of those funds that need to be closed.**

121. Eight funds were closed; two funds were reactivated; and four funds should not have been classified as inactive owing to their nature. The Office of Programme Planning, Budget and Accounts coordinates, as necessary, with substantive offices to initiate the closure of trust funds that are no longer required and in this regard, continues to follow up periodically with concerned offices.

Department responsible: Department of Management
Status: In progress
Priority: Medium
Target date: Fourth quarter of 2012

122. **In paragraph 156, the Administration agreed with the Board's recommendation that it: (a) increase the frequency contractual audits of health claims; and (b) examine ways to strengthen internal controls over claim reimbursements.**

123. Health claim audits are conducted approximately every three years; the next audit is therefore scheduled for 2013.

Department responsible: Department of Management
Status: In progress
Priority: Medium
Target date: Fourth quarter of 2013

124. **In paragraph 160, the Administration agreed with the Board's recommendation that it strengthen internal controls to ensure the accuracy of its payable and receivable balances with counterpart entities as at the end of the financial period.**

125. The target date was revised in line with the deployment schedule for Umoja.

Department responsible: Department of Management
Status: In progress
Priority: High
Target date: Third quarter of 2015

126. **In paragraph 164, the Administration agreed with the Board's recommendation that it reduce the time taken for certifying invoices so as to conform to accrual-based accounting.**

127. The implementation of Umoja will further facilitate the tracking of the status of received invoices.

Department responsible: Department of Management
Status: In progress
Priority: High
Target date: Fourth quarter of 2015

128. **In paragraph 191, the Administration agreed with the Board's recommendation that it consider a revision of its policy for the valuation of leave liability in its implementation of the International Public Sector Accounting Standards.**

129. In the context of ongoing discussion with the Board on the IPSAS policy framework, the target date has been revised.

Department responsible: Department of Management
Status: In progress
Priority: Medium
Target date: Fourth quarter of 2012

130. **In paragraph 203, the Administration agreed with the Board's recommendation that it review the logical framework of results-based budgeting with a view to making it more precise.**

131. The Administration considers this recommendation implemented as this is an ongoing task and notes that in this regard, the logical framework as found in the proposed programme budget for the biennium represents the outcome/position arising from the legislative review by the various sectoral, functional and intergovernmental bodies, the Committee for Programme and Coordination, and the General Assembly. While the Administration continues to improve subsequent logical frameworks based on the recommendations made by the above legislative bodies and various internal and external audit bodies, the final logical framework used for the preparation of the proposed programme budget is that approved through an intergovernmental process. Accordingly, to make changes to the presentation would require approval of the General Assembly.

Department responsible: Department of Management
Status: Implemented
Priority: High
Target date: Not applicable

132. **In paragraph 274, the Administration agreed with the Board's recommendation that it ensure that the Department for General Assembly and Conference Management urgently implements a plan for the transition phase of**

the capital master plan, in order to have precise knowledge of the needs and to provide operational tools to deal with them.

133. The capital master plan is an ongoing project, and the Department remains very much involved with its progress in order to anticipate and to meet with any changes or consultations needed to ensure a smooth-running operation.

Department responsible: Department for General Assembly and Conference Management
Status: In progress
Priority: Medium
Target date: Fourth quarter of 2015

134. **In paragraph 286, the Administration agreed with the Board's recommendation to issue a Secretary-General's bulletin setting out the organization and responsibilities of the Department of Safety and Security, including those of the Division of Headquarters Security and Safety Services.**

135. As a result of the biennium budget for 2012-2013 that was recently approved by the General Assembly, there will be changes in the staffing structure in the Department. This will have an effect on the Secretary-General's bulletin, which will need to incorporate those changes before being finalized. Significant progress has been made with respect to the Secretary-General's bulletin. A first draft has been circulated and additional comments are being sought.

Department responsible: Department of Safety and Security
Status: In progress
Priority: Medium
Target date: Fourth quarter of 2012

136. **In paragraph 329, the Board recommended that the Administration regularize on an ex post facto basis the procurement actions that the United Nations Integrated Peacebuilding Office in Sierra Leone undertook before it obtained delegation of procurement authority.**

137. The implementation of the recommendation is in progress. The final case was deferred and the Procurement Division, in coordination with the Mission, are working on the case resubmission.

Department responsible: Department of Peacekeeping Operations/ Department of Field Support
Status: In progress
Priority: Medium
Target date: First quarter of 2013

138. **In paragraph 336, the Board recommended that the Administration strengthen and expedite the reconciliation process between the physical inventory data and the accounting data relating to non-expendable property to ensure a fair valuation of these items in the notes to the financial statements.**

139. The reconciliation issues at Headquarters outlined by the Board in its report for the biennium ended 31 December 2009 were addressed in the course of the biennium 2010-2011. The related adjustments were reflected accordingly in the financial statements as at 31 December 2011. The Administration therefore considers the recommendation implemented. The Administration continues to verify non-expendable property records at Headquarters through comprehensive physical inventories. The

2012 physical inventory has been completed and discrepancy reports were sent to all heads of departments for further verification and assessment. The Administration is also pursuing the implementation of the action plan it prepared in accordance with previous audit recommendations and the PricewaterhouseCoopers consultancy report. Existing resources have been prioritized on a temporary basis to establish a Property Management Unit that will support IPSAS readiness efforts and address recognized policy and procedure property management issues within the Organization. Two temporary staff members at the P-3 level are on board as of July 2012 and the rest of the team is expected to be on board within the next two to three months.

Department responsible: Department of Management
Status: Implemented
Priority: High
Target date: Not applicable

140. **In paragraph 387, the Board recommended that the Administration draw up a schedule by which the staff members who have not taken the mandatory training programmes be obliged to do so in a close time limit (one year or 18 months), and that the effective implementation be verified.**

141. Effective monitoring and follow up to ensure compliance with mandatory training cannot be implemented until a comprehensive monitoring system is in place by means of the Inspira learning management system — now anticipated for rollout from mid-2012 through mid-2013.

Department responsible: Department of Management
Status: In progress
Priority: Medium
Target date: Second quarter of 2013

142. **In paragraph 390, the Board recommended that the Administration ensure that all departments and offices draw up and document a medium- and short-term staff training strategy that would identify needs and objectives, and carry out a qualitative analysis of the results obtained.**

143. A revised learning and development strategy will be required once the comprehensive mobility policy for Secretariat staff is agreed. However, this is dependent on agreement by the General Assembly: they are due to take it up in fall 2012 but it is not possible to predict when they will reach agreement and when it would be possible to draw up this strategy.

Department responsible: Department of Management
Status: In progress
Priority: Medium
Target date: Ongoing

144. **In paragraph 409, the International Court of Justice agreed with the Board's recommendation that it consider the revision of the statutory aspects of the Instructions for the Registry.**

145. The amendments to the Instructions for the Registry were reviewed by the International Court of Justice Rules Committee and approved by the Court in March 2012.

Department responsible: International Court of Justice
Status: Implemented
Priority: Medium
Target date: Not applicable

146. **In paragraph 413, the Court agreed with the Board's recommendation that it update the Staff Regulations for its Registry.**

147. The International Court of Justice Staff Regulations were updated and promulgated on 17 March 2011 (including the promulgation of the new United Nations Staff Regulations and Rules applicable to the Registry), with the exception of article 10 of the International Court of Justice Staff Regulations and related chapter X of the United Nations Staff Rules applicable to the Registry (pertaining to disciplinary measures), which was later reviewed by the International Court of Justice Rules Committee and approved by the Court in March 2012.

Department responsible: International Court of Justice
Status: Implemented
Priority: Medium
Target date: Not applicable

148. **In paragraph 437, the Administration agreed with the Board's recommendation that it take appropriate measures to ensure that the "Carbon" project is interfaced with Umoja.**

149. According to the latest implementation plan, the Department for General Assembly and Conference Management offices will go live with Umoja in stages between 1 May 2013 and 31 December 2014, with United Nations Headquarters scheduled for 1 May 2014 to 31 July 2014.

Department responsible: Department of Management
Status: In progress
Priority: Medium
Target date: Fourth quarter of 2014

150. **In paragraph 449, the Administration agreed with the Board's recommendation that it ensure that the Office of the United Nations Ombudsman and Mediation Services guarantee, while drawing up its new tracking mechanisms, that the data used to measure the activity and the performance of the Office be auditable, while preserving confidentiality.**

151. An external review of the Office was conducted in May and June 2012. The external review experts found that the database itself should not be accessed directly because it contains confidential names and case details. However, it has been agreed that aggregated statistical information showing the caseload and performance of the Office can be provided. This solution recognizes the Board's request for data to measure the activity and performance of the Office and its recognition of the need to preserve confidentiality of the clients.

Department responsible: Office of the United Nations Ombudsman and Mediation Services
Status: In progress
Priority: High
Target date: Third quarter of 2012

152. **In paragraph 456, the Board recommended that the Office of Internal Oversight Services further increase its completion rate of audit assignments, inter alia, by reducing the rate of vacancy of its posts.**

153. OIOS continues to focus on improving the quality of its audits, which means, inter alia, completing audits in optimum time. OIOS has also introduced more realistic planning assumptions. Previously, the Internal Audit Division planned on the basis of full staffing. The Division currently has a target vacancy rate for 2012 of 15 per cent and the 2012 audit workplan is based on the expected average-vacancy rate. Streamlining of work practices will also result in the more rapid completion of audits and an improved completion rate. Improved planning, reduced vacancies and improved practices will lead to a high completion rate.

Department responsible: Office of Internal Oversight Services
Status: In progress
Priority: Medium
Target date: Fourth quarter of 2012

154. **In paragraph 481, the Administration agreed with the Board's recommendation that it ensure that the Department of Safety and Security analyses security costs and independently of contributing budgets (regular budget, extrabudgetary funds, budgets allocated by each agency to security) so as to have a complete view of resources allocated to security.**

155. The High-level Committee on Management's Working Group on Security and Safety Costs has not yet concluded its work. Regular updates on its work have been provided to the Inter-Agency Security Management Network. Significant progress has been made in terms of identifying all the various budget modalities found within the Department of Safety and Security, and the Working Group intends to present its conclusions to the High-level Committee at the end of September 2012. In addition, a transparent review of security costs has been conducted by the Department and was subject to extensive discussion within the Inter-Agency Security Management Network.

Department responsible: Department of Safety and Security
Status: In progress
Priority: Medium
Target date: Fourth quarter of 2012

III. Capital master plan

A. Implementation of the recommendations contained in the report of the Board of Auditors on the capital master plan for the year ended 31 December 2011

Overview

156. Set out below is the information requested by the General Assembly on the status of implementation of recommendations contained in the report of the Board of Auditors on the capital master plan for the year ended 31 December 2011 (A/67/5 (Vol. V)). As indicated in the summary of the present report, most of the

Administration's comments have already been included in the Board's report; thus, additional comments are provided below only where required.

157. Tables 4 and 5 below summarize the status of implementation of the main recommendations and all recommendations, respectively, as at August 2012.

Table 4
Status of implementation of main recommendations

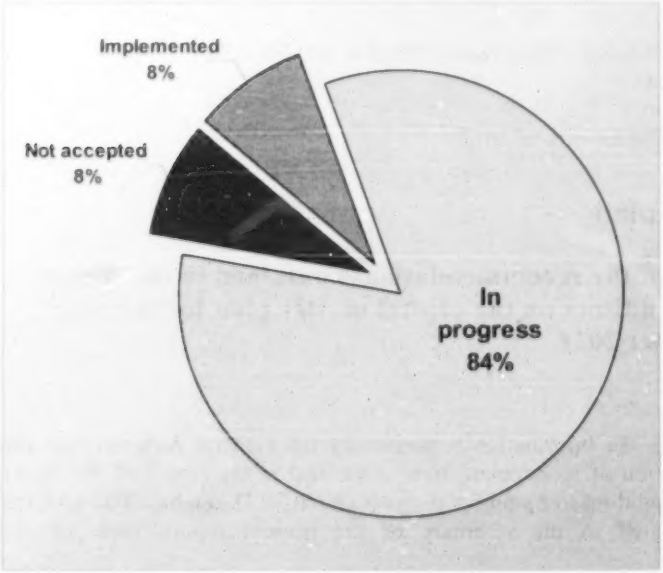
Office responsible	*Number of recommendations*	*Not accepted*	*Implemented*	*In progress*	*Target date set*	*No target date*
Department of Management	4	1	–	3	3	–
Total	**4**	**1**	**–**	**3**	**3**	**–**

158. Of the four main recommendations referred to in table 4 above, one was not accepted, two are targeted for implementation by the end of 2012 and one by the end of 2015.

Table 5
Status of implementation of all recommendations

Office responsible	*Number of recommendations*	*Not accepted*	*Implemented*	*In progress*	*Target date set*	*No target date*
Department of Management	12	1	1	10	10	–
Total	**12**	**1**	**1**	**10**	**10**	**–**

Figure IV
Status of implementation of all recommendations



159. As indicated in table 5 and figure IV above, of the 12 recommendations made by the Board in its report on the capital master plan, 10 (84 per cent) are in progress, while 1 (8 per cent) was implemented and 1 (8 per cent) was not accepted by the Administration. Of the 10 recommendations that are in progress, 7 are set for implementation by the end of 2012, 2 by the end of 2013 and 1 by the end of 2015.

Detailed information on implementation status

160. **In paragraph 28, the Administration agreed with the Board's recommendation that it develop a cost-time trade-off criterion, to guide decisions on whether it is worth making acceleration payments or better value for money to accept a delay.**

161. The Administration is developing a policy and procedure methodology concerning the decision to use acceleration in order to meet project schedule milestones.

Department responsible: Department of Management
Status: In progress
Priority: Medium
Target date: Fourth quarter of 2012

162. **In paragraph 32, the Administration agreed with the Board's recommendation that it urgently take stock and rebuild the anticipated final cost of the project. The rebuilt anticipated final cost should include estimates for the likely cost of:**

(a) **Identified project risks;**

(b) **Change orders until project completion;**

(c) **Acceleration activities in order to meet the project schedule;**

(d) **Claims that have been submitted and an allowance for future claims;**

(e) **Up-to-date estimates for remaining guaranteed maximum price contracts (by revalidating prices and setting a realistic level of contingency based on the outturn experiences of previous guaranteed maximum price contracts);**

(f) **The costs for altering off-site office locations to the extent that they will be met by the capital master plan budget.**

163. The Administration is developing a methodology which will allow it to rebuild the anticipated final cost of the project, including the elements specified in the Board's recommendation.

Department responsible: Department of Management
Status: In progress
Priority: High
Target date: Fourth quarter of 2012

164. **In paragraph 34, the Administration agreed with the Board's recommendation that the anticipated final cost be recalculated and reported on a quarterly basis from now until the project's completion.**

165. Upon the implementation of the recommendation in paragraph 32 of the Board's report as stated above, the Administration will recalculate and report on the anticipated final cost of the project on a quarterly basis, as recommended.

Department responsible: Department of Management
Status: In progress
Priority: Medium
Target date: Third quarter of 2014

166. **In paragraph 35, the Board further recommended that senior management in the Administration put in place appropriate controls such that they can clearly demonstrate to the General Assembly that assurance can be placed on the reported cost forecasts.**

167. The Under-Secretary-General for Management, in conjunction with the Assistant Secretary-General for the Capital Master Plan and the Controller, will establish appropriate controls in order to demonstrate to the General Assembly that assurance can be placed on the reported anticipated final cost of the project.

Department responsible: Department of Management
Status: In progress
Priority: Medium
Target date: Fourth quarter of 2012

168. **In paragraph 41, the Administration agreed with the Board's recommendation that once it has prepared a complete and robust anticipated final cost, it should set out the timeline for all remaining project commitments, being clear about the effect that delayed, or partial, release of funding will have on the costs and timing.**

169. Upon the implementation of recommendation contained in paragraph 32 of the Board's report as stated above, the Administration will establish a timeline for all remaining project commitments until the end of the project.

Department responsible: Department of Management
Status: In progress
Priority: High
Target date: Fourth quarter of 2012

170. **In paragraph 50, the Administration agreed with the Board's reiterated recommendation that it:**

(a) **Resolve the security issues and lack of a viable design solution for the Library and South Annex buildings as a matter of urgency;**

(b) **If the two buildings are proposed to remain in scope, make clear what the approach to resolving the security challenges should be;**

(c) **Seek approval for their proposed course of action from the General Assembly.**

171. Although discussions with the host country will continue, the forthcoming tenth annual progress report will recommend the continued suspension of design and renovation of the Library and South Annex buildings until a permanent solution to the identified security issues can be found.

Department responsible: Department of Management
Status: In progress
Priority: Medium
Target date: Fourth quarter of 2012

172. **In paragraph 51, the Administration agreed with the Board's recommendation that, if the Library and South Annex cannot remain in scope, it present the General Assembly with costed options for accommodating the facilities which are currently housed in these buildings. The Administration committed to implement this recommendation at the sixty-seventh session of the General Assembly.**

173. Upon a decision by the General Assembly concerning the Library and South Annex buildings, costed options will be presented to the Assembly as recommended by the Board.

Department responsible: Department of Management
Status: In progress
Priority: Medium
Target date: Second quarter of 2013

174. **In paragraph 52, the Administration agreed with the Board's recommendation that it seek approval from the General Assembly for any proposals to reduce the scope of planned work to the General Assembly Building. The Administration committed to implement this recommendation at the sixty-seventh session of the General Assembly.**

175. The Administration agrees that any potential reduction in the scope for the General Assembly Building will be submitted to the General Assembly for its approval.

Department responsible: Department of Management
Status: In progress
Priority: Medium
Target date: Fourth quarter of 2012

176. **In paragraph 55, the Board recommended that the Administration urgently establish more effective and regular governance over the capital master plan. The Under-Secretary-General for Management needs to determine how he can assure himself that cost and progress forecasts are accurate, especially where areas of technical construction judgement are involved. The Board is aware that typically, in a project of this nature, senior management would be supported by expert advice which is independent of the project team.**

177. The capital master plan is presently managed with clear lines of supervision and accountability. The Office of the Capital Master Plan is headed by an Executive Director, at the Assistant Secretary-General level, who is responsible for the management and implementation of the capital master plan project. This official is supervised by and is accountable to the Under-Secretary-General for Management, who is responsible to the Secretary-General in discharging his functions. Establishing a Steering Committee could blur the lines of accountability and delay the decision-making process.

178. What the project needs at this stage is a strong execution process, transparent lines of communication with all stakeholders, and responsible budget management,

including monitoring, control and evaluation; all of which are guaranteed under the present managerial structure. All of these are supported by robust audit systems and oversight, which the project has already.

179. The Administration trusts that the Board is aware that progress of the capital master plan — including its budgetary matters — is presently subject of periodic reviews by the Management Committee; and also that the capital master plan has a Steering Committee on Associated Costs that meets regularly to review and coordinate the temporary costs of certain other departments which are incurred in support of the capital master plan but which were not included in the approved budget of the capital master plan. Accordingly, the Administration does not see the need for establishing an additional committee.

Department responsible: Department of Management
Status: Not accepted
Priority: High
Target date: Not applicable

180. **In paragraph 62, the Administration agreed with the Board's recommendation that, drawing on the lessons from the capital master plan, it consider how in future it can manage contingency funding on capital projects in a more transparent and effective manner.**

181. The Office of the Under-Secretary-General for Management has agreed with the Office of the Capital Master Plan that the latter will develop a "lessons learned" analysis of the capital master plan project addressing, inter alia, the management of contingency funds and this analysis will inform the management of contingency funds for other capital projects.

Department responsible: Department of Management
Status: In progress
Priority: Medium
Target date: Fourth quarter of 2014

182. **In paragraph 76, the Administration agreed with the Board's reiterated recommendation that the Office of the Capital Master Plan significantly reduce the processing time and backlogs in the change order approvals process.**

183. The Administration has implemented this recommendation, and will continue to seek additional reductions in the processing time for the review and approval of change orders.

Department responsible: Department of Management
Status: Implemented
Priority: Medium
Target date: Not applicable

184. **In paragraph 83, the Administration agreed with the Board's recommendation that the Department of Management: (a) pilot the implementation of flexible working strategies which move away from a one-person to one-desk ratio; and (b) assess the potential operational and financial impact of adopting flexible workplace strategies to reduce the future space needs of the United Nations in the context of any proposals for renovating existing, or acquiring new, office space.**

185. A new policy on flexible working arrangements is being developed by the Office of Human Resources Management to be presented to the General Assembly. In this context, a pilot has been carried out which has shown that a number of staff are keen to take up flexible working arrangements, which might in the future have an impact on space requirements. However, given that the policy is completely voluntary and no extra costs may be incurred by the Organization as a result of flexible working arrangements (ST/SGB/2003/4), it would not be feasible at this stage to use such arrangements to reduce the future space needs of the United Nations as the requirements at any point could change significantly. In the future, depending on the extent of usage, it might be possible for individual departments to manage flexible working arrangements in a manner that could lead to less space requirements. However, once the new policy on flexible working arrangements has been developed and agreed by the General Assembly, it might be possible to gather data on its uptake in order to see if there would be positive implications with regard to space requirements.

Department responsible: Department of Management
Status: In progress
Priority: High
Target date: Fourth quarter of 2015

B. Implementation of the recommendations contained in the report of the Board of Auditors on the capital master plan for the prior year

Overview

186. In paragraph 16 of its resolution 65/243 A, the General Assembly reiterated its request that the Secretary-General provide full explanation for delays in implementation of the recommendations of the Board for prior periods, in particular those recommendations not yet fully implemented that are two or more years old.

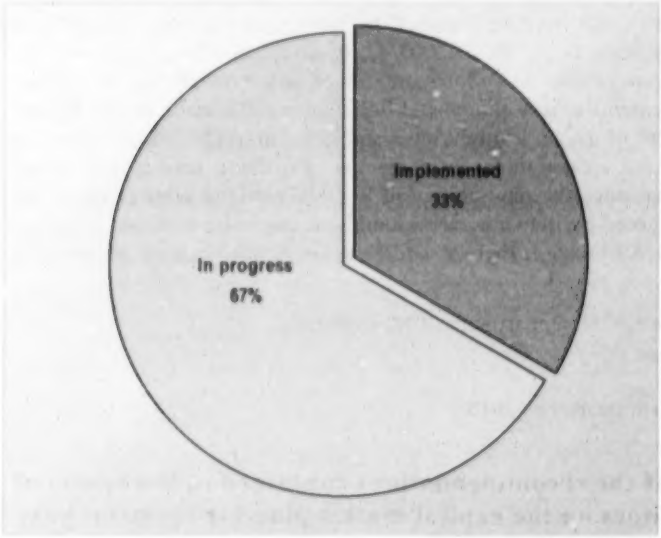
187. In annex III to its report for the year ended 31 December 2011, the Board provided a summary of the status of implementation of recommendations for the year ended 31 December 2010. Information is provided below on the 12 recommendations indicated as "under implementation" or "not implemented" in annex III, set out in the order in which the recommendations were presented.

188. Table 6 and figure V below summarize the overall situation.

Table 6
Status of implementation of recommendations for the prior period considered not fully implemented in annex III to the report of the Board of Auditors for the biennium ended 31 December 2011

Office responsible	*Number of recommendations*	*Not accepted*	*Implemented*	*In progress*	*Target date set*	*No target date*
Department of Management	12	–	4	8	8	–
Total	**12**	**–**	**4**	**8**	**8**	**–**

Figure V
Status of implementation of recommendations for the prior period considered not fully implemented in annex III to the report of the Board of Auditors for the biennium ended 31 December 2011



189. As indicated in table 6 and figure V above, of the 12 recommendations stated in annex III to the Board's report for the year ended 31 December 2011 as in progress, 4 (33 per cent) have been implemented and 8 (67 per cent) are still in progress. Of the 8 recommendations in progress, 4 are set for implementation by the end of 2012, 2 by the end of 2013 and the other 2 after January 2014.

Detailed information on implementation status

Report of the Board for the year ended 31 December 2010

190. **In paragraph 33 of its report (A/66/5 (Vol. V)), the Board recommended that the Office of the Capital Master Plan significantly reduce the processing time and backlogs in the change order approvals process, so that contractors get paid within the timescales stated in their contracts or, where contracts are silent on this matter, within 30 days after completing a change order. The latter is consistent with the time allowed to make payment under a guaranteed maximum price contract.**

191. The Administration has implemented this recommendation, and will continue to seek additional reductions in the processing time for the review and approval of change orders. The Administration reduced the time spent on processing and approval of change orders by introducing a weekly review meeting chaired by the Assistant Secretary-General for the capital master plan project. The weekly meetings are attended by the Construction Manager's staff, the Programme Manager's staff and capital master plan staff. All participants provide their inputs to achieve the resolution of individual change orders within 30 working days. This approach proved to be effective in reducing the time spent on approval of change orders. The backlog

was cleared during November 2011 through February 2012, as evidenced by the spike in the volume of change orders processed. The Board of Auditors was provided with the change orders data and latest statistics.

Department responsible: Department of Management
Status: Implemented
Priority: Medium
Target date: Not applicable

192. **In paragraph 38, the Board recommended that the Administration, working with the Office of the Capital Master Plan:**

(a) **Immediately review the change orders trends, identify the reasons and source of requests for changes;**

(b) **Establish clear rules, strong governance and robust management to minimize occupier-driven changes.**

193. The Administration has implemented this recommendation. The Board of Auditors was provided with the change orders data and latest statistics. The Office of the Capital Master Plan reviewed the trend and provided reasons for all change orders. The occupier-driven change orders are naturally diminishing as the Secretariat Building is close to its substantial completion in early September 2012. The Office of the Capital Master Plan continues to work on consistent reduction of time spent on the review and approval of change orders.

Department responsible: Department of Management
Status: Implemented
Priority: High
Target date: Not applicable

194. **In paragraph 47, the Board also recommended that the Administration consider ways to retain expertise from the Office of the Capital Master Plan to support the handover to the Facilities Management Service.**

195. The Office the Capital Master Plan has already initiated a plan to retain core critical staff specializing in planning, designing, construction management and administration to facilitate a smooth transition for handover to the Facilities Management Service. Regular meetings are held between the Office and the Facilities Management Service on various issues relating to design and construction, with a view to ensuring that the Facilities Management Service staff are involved in the development of the new requirements to maintain and support intensive installations such as the buildings management system and the permanent broadcast facility, which are associated with the capital master plan renovation works. The Facilities Management Service recruited a former capital master plan project manager to head the Overseas Properties Management Unit. In his current capacity, he acts as custodian of lessons learned from the capital master plan and other recent construction projects and will leverage this experience in the development of the capital strategic review and in his project manager role on overseas construction projects.

Department responsible: Department of Management
Status: In progress
Priority: Medium
Target date: Fourth quarter of 2012

196. **In paragraph 59, the Board recommended that the Administration:**

(a) **Resolve the security issues and lack of a viable design solution for the Library and South Annex buildings as a matter of urgency;**

(b) **Confirm whether the two buildings are to remain in scope, and, if so, what the approach to resolving the security challenges should be;**

(c) **Seek approval for their proposed course of action from the General Assembly.**

197. Although discussions with the host country will continue, the forthcoming tenth annual progress report will recommend the continued suspension of design and renovation of the Library and South Annex buildings until a permanent solution to the identified security issues can be found. Further developments in this area are subject to a decision by the General Assembly during its sixty-seventh session.

Department responsible: Department of Management
Status: In progress
Priority: High
Target date: First quarter of 2013

198. **In paragraph 60, the Board also recommended that the Administration prioritize the approvals process and timings for the remaining guaranteed maximum price contracts and amendments, to achieve the 42-day elapsed time assumed in the schedule.**

199. The Administration is making every effort to reduce the preparation and approvals process for guaranteed maximum price contracts, but has noted that owing to complexity of the guaranteed maximum price contract preparation and negotiation process, the 42-day elapsed time might not be achievable. The Procurement Division prepared an analysis for the seven guaranteed maximum price contracts or guaranteed maximum price phases executed since the Board's prior report in July 2011, showing an average elapsed time of 153 days. If the further six guaranteed maximum price contracts or guaranteed maximum price phases executed since the beginning of 2011 are added, the average elapsed time reduces to 148 days.

Department responsible: Department of Management
Status: In progress
Priority: Medium
Target date: Fourth quarter of 2012

200. **In paragraph 70, the Board recommended that the Office of the Capital Master Plan strengthen the approach to cost forecasting by including a robustly calculated and auditable estimate for the costs of all change orders until project completion, by allowing for the most likely costs of the items in the risk register, and for other known issues, such as prolonged property rentals arising from the schedule slippage.**

201. The commitment schedule presented to the Fifth Committee and the Board of Auditors in March 2012 makes provisions for known and unknown change orders as two separate items on the commitment schedule. The Board was informed that the Office of the Capital Master Plan had established and follows a regular cost estimate review process:

(a) On a weekly basis, the projected costs for all live guaranteed maximum prices are updated;

(b) On a monthly basis, all project costs are reviewed and the levels of contingency remaining on each project are reviewed;

(c) All projected fees are updated on a monthly basis; the only two subprojects that have not had a thorough review are the Dag Hammarskjöld Library renovation and South Annex renovation, which are on hold.

202. Provision for the prolonged property rentals was included in the estimated cost to complete, which was presented to the General Assembly during the sixty-sixth session, in November 2011, and during the resumed sixty-sixth session, in March 2012. The project cost estimates are being updated and will be presented in the tenth annual report of the capital master plan during the sixty-seventh session of the General Assembly. The annual risk assessment will be conducted in October 2012 and the Office of the Capital Master Plan will seek to develop a methodology to quantify risks, in order to assess whether the balance of contingency for remaining work is adequate. The outcome of this exercise and contingency requirements will be presented to the General Assembly for its consideration.

Department responsible: Department of Management
Status: In progress
Priority: High
Target date: Second quarter of 2013

203. **In paragraph 73, the Board recommended that the Office of the Capital Master Plan: (a) review its approach to allowing for the effects of future construction price inflation in line with published indices; and (b) clarify and simplify its reporting in this area when little or no inflation is expected.**

204. The approach to contingency and price inflation was outlined and presented to the Board and the Fifth Committee on 14 March 2012, in annex IV of the Supplementary Information package No. 4. The Office of the Capital Master Plan will present the updated data during the sixty-seventh session of the General Assembly. The original budget of $1,876.7 million is fully committed and the commitment authority of $135 million is mostly committed at this point; therefore, changes in methodology are not feasible at this project phase.

Department responsible: Department of Management
Status: In progress
Priority: Medium
Target date: Fourth quarter of 2012

205. **In paragraph 81, the Board recommended that the Administration, when assessing the associated costs forecasts, take into account the full impact of the most recent scheduled completion dates.**

206. This control exists and will remain in place until the completion of the capital master plan project, as explained in the paragraphs below.

207. It should be noted that associated costs are approved by the General Assembly based on an addendum to the progress report of the capital master plan prepared annually by the Secretary-General. The addendum contains the most up-to-date information on projected costs at the time of its preparation, ensuring that these are

fully consistent with the timeline for the completion of the capital master plan project presented in the Secretary-General's report.

208. The Secretary-General's addendum contains detailed revised forecasts each year, which take into consideration the future projected associated cost requirements for all relevant departments and offices, as well as unutilised funds to be rephased from prior periods. Where delays in the capital master plan schedule affect associated costs, the forecast is adjusted accordingly by rephasing funds attached to affected projects into the relevant period. The report also contains detailed variance analysis of previous and anticipated expenditure against forecasts.

209. In addition to the annual reporting process described above, the Steering Committee on Capital Master Plan Associated Costs, chaired by the Under-Secretary-General for Management and with representation from each department and office with funding for associated costs, meets approximately every two months. At these meetings, the Committee discusses any changes to the capital master plan schedule and the implications on the expenditure for the current year and, towards the time of the preparation of the progress report, how they impact upon the future requirements yet to be approved by the General Assembly.

Department responsible: Department of Management
Status: Implemented
Priority: Medium
Target date: Not applicable

210. **In paragraph 91, the Board recommended that the Administration consider ways in which to use space more efficiently through, for example, "hot desking" and reduced physical filing space as a policy, and ensure a rapid conclusion aligned with the scheduled moves of staff and office furniture within the United Nations campus and other properties.**

211. Reference is made to the Administration's comments above relating to the recommendation in paragraph 83 of the Board's report for year ended 31 December 2011.

Department responsible: Department of Management
Status: In progress
Priority: Medium
Target date: Fourth quarter of 2015

212. **In paragraph 95, the Board recommended that the Administration establish a risk mitigation strategy to replace unexpected vacancies in critical positions within the Office of the Capital Master Plan management team at short notice.**

213. The Administration has already initiated a plan to retain core critical staff specializing in planning, designing, construction management and administration for the duration of the project. The Office of the Capital Master Plan, the Office of Human Resources Management and the Executive Office of the Department of Management are in the process of considering and developing special measures for the retention and placement of staff, as necessary.

Department responsible: Department of Management
Status: In progress
Priority: Medium

214. **In paragraph 96, the Board recommended that the Administration consider whether a similar arrangement should apply to other teams involved in major business transformation programmes elsewhere in the United Nations.**

215. The Administration will use the lessons learned from the capital master plan and apply them to other teams involved in major business transformation programmes elsewhere in the United Nations.

Department responsible: Department of Management
Status: In progress
Priority: Medium
Target date: Fourth quarter of 2014

216. **In paragraph 103, the Board recommended that the Administration urgently review the effectiveness of the Post-Award Review Committee, with a view to streamlining its operation, and balance appropriately the need for assurance and control with the need to protect the project schedule and work of the Procurement Division.**

217. The reorganized Post-Award Review Committee has developed a risk-based approach to the review process. Using this approach, the Committee conducted review of 26 high-risk amendments to three contracts during three meetings held from March to May 2012. Three sets of minutes containing executive recommendation summaries were approved by the Assistant Secretary-General for the Office of Central Support Services on 31 May 2012, in addition to the two sets approved since 2010. On the same day, a note to the Assistant Secretary-General for the Office of the Capital Master Plan was issued transmitting the Committee's recommendations and proposing actions to strengthen internal controls.

Department responsible: Department of Management
Status: Implemented
Priority: Medium
Target date: Not applicable